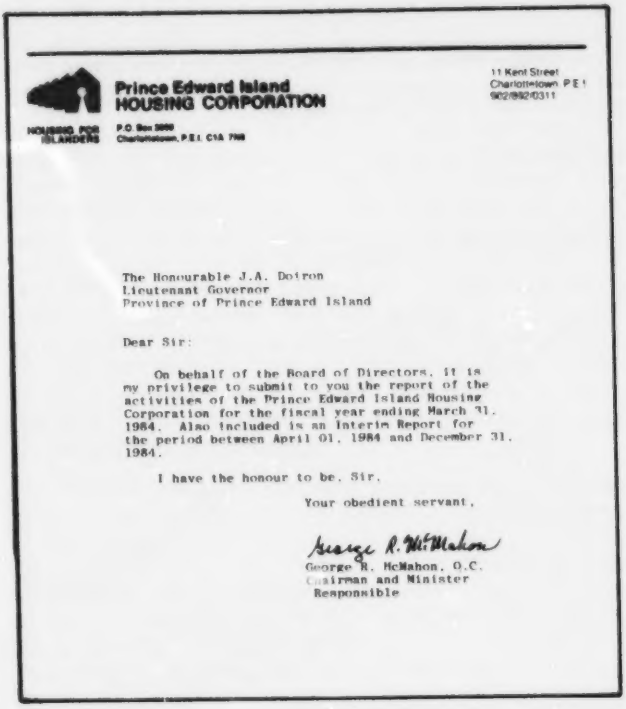
PRINCE EDWARD ISLAND
HOUSING CORPORATION

Annual Report
1983/84

with Interim Report to December 1984

85-4122/

Letter of Transmittal



Prince Edward Island
HOUSING CORPORATION

HOUSING FOR ISLANDERS

P.O. Box 3000
Charlottetown, P.E.I. C1A 7N8

11 Kent Street
Charlottetown P.E.I.
902/892-0311

The Honourable J.A. Doiron
Lieutenant Governor
Province of Prince Edward Island

Dear Sir:

On behalf of the Board of Directors, it is my privilege to submit to you the report of the activities of the Prince Edward Island Housing Corporation for the fiscal year ending March 31, 1984. Also included is an Interim Report for the period between April 01, 1984 and December 31, 1984.

I have the honour to be, Sir,

Your obedient servant,

George R. McMahon

George R. McMahon, Q.C.
Chairman and Minister
Responsible

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Board of Directors

As at March 31, 1984

Honourable George R. McMahon, Q.C., Chairman
Minister Responsible for the
Prince Edward Island Housing Corporation

Bruce Clarke, Vice-Chairman
Charlottetown

Earle Arsenault, Secretary-Treasurer
East Royalty

Allison Croken
Charlottetown

John Forbes
Summerside

Kenneth Gunn
Summerside

Kevin Kilbride
Foxley River

James McCabe
Souris

George Whiteway
Dover

General Manager's Review

If there is a theme to the present period in the housing sector, it is perhaps that it is a time of reflection. Changing population structures, budgetary restrictions, uncertain economic outlooks and specialized housing needs have all raised questions about the future direction of housing policies and initiatives. With a new administration in Ottawa and with many factors affecting the housing situation, it is a natural period for reappraising priorities and needs.

In some respects, the housing sector is a very different place from what it was even ten years ago. New household formation is taking place at a much slower rate than in the 1970's now that the bulk of the "baby boom generation" has arrived on the housing market. Population growth in the next twenty years will be concentrated in the middle age categories and while that means fewer new units will have to be created it also has implications for adapting and upgrading the existing housing stock. The aging of the population also demands that the housing needs of the elderly, both from the point of view of maintaining their existing homes and of meeting the needs for special projects, must be closely examined. The past few years have also seen the development of a much better appreciation of the needs of groups such as the disabled and single parent families. The demand for rental housing has grown and this too will be an important future challenge.

In other respects, there are traditional concerns that will continue to require attention in upcoming years. Although significant advances have been made in the quality of the Province's housing stock, there is still a need to continue home repair efforts and, given the large number of older homes on the Island, to perhaps look to additional upgrading. Housing affordability is still a major concern for a significant number of Island residents. Self-building continues to be an important tradition in the communities and rural areas of the Province even though problems, such as obtaining adequate financing, remain.

The federal and provincial governments began a series of meetings in late 1984 to discuss future housing directions. These consultations are extremely timely both to appraise the priorities that lie ahead and to consider an effective provincial and federal response that will rationalize the efforts of the two levels of government. It is recognized that funding will be limited and that difficult choices will have to be made, but there does appear to be a strong commitment to housing and to meeting the needs that cannot be resolved through today's marketplace.

In terms of existing programming, this Annual Report outlines the major activities of the Prince Edward Island Housing Corporation for the 1983/84 fiscal year and for the remainder of 1984. It is clear that the P.E.I. Housing Corporation played an important and constructive part in the lives of many Islanders during these periods. The Corporation's programs contributed directly to the repair or maintenance of over 1,000 homes in 1983/84. New rental housing was created for 90 senior citizen and low income family households. By working with other provincial departments, the Corporation was able to help the Province undertake two major care facilities in 1983 and another in 1984 that will, in total, provide vastly improved facilities for 288 residents. The Corporation was also responsible for the management of a portfolio that totalled 1,244 units by the end of 1984. As a result of these programs, lives are not only made more

comfortable and secure, but jobs are also created and consumer spending is increased. The benefits of the Corporation's activities are felt in communities large and small throughout Prince Edward Island.

As an important sector in the economy, residential construction performed strongly in 1983 and 1984. New construction recovered in 1983 from the recession in the preceding three years and the new found level of activity was sustained in 1984. P.E.I. was one of the only two provinces able to virtually match housing starts in 1984 compared to 1983. New residential construction in 1984 was valued at more than $30 million in the province. When combined with the investment of over $15 million in home repair, the residential construction sector accounted for almost five percent of the Gross Provincial Product. Approximately 2,000 workers are employed in construction in P.E.I., making it one of the largest occupational groups on the Island, and most of those jobs are on the residential side.

The programming efforts of the Corporation are possible only through the co-operation and contribution of many individuals and agencies. Many programs are dependent on funding from the Federal Government, which is made available through Canada Mortgage and Housing Corporation. We have traditionally enjoyed a productive relationship with CMHC and look forward to continuing this association.

Our activities also bring us in touch with many representatives of those involved in the industry, as well as community officials and representatives of groups and organizations. Each of these contacts is essential in maintaining an informed and active presence in the sector. Of course, the overall work of the Corporation is dependent on its individual staff members and I am very pleased with the professionalism and courtesy that have typified their actions in the past year. I am confident that the staff will meet the challenge of the future with the same dedication and concern for fellow Islanders that they have displayed in the past.

Ginger Breedon
Acting General Manager

Program Activities

Residential Rehabilitation Assistance Program

The Residential Rehabilitation Assistance Program continued in 1983 to make a very significant contribution to the improvement of the quality of housing on Prince Edward Island. The P.E.I. Housing Corporation, which acts as a delivery agent for this federally funded program, processed approvals for 681 housing units and 73 beds in existing care facilities under the program during the 1983 calendar year. In the rural areas, the Corporation delivered 628 approvals with forgiveable and repayable loan values of approximately $2,987,000. In the six urban areas that have requested the Corporation to administer the program, another 53 units and 73 beds were upgraded with total loan values of approximately $285,000. In areas where municipalities either administer the program or have Canada Mortgage and Housing Corporation serve as the delivery agent, another 219 units and 27 beds were approved for assistance valued at $768,000. In total, 900 units and 100 beds were approved under the program in P.E.I. in 1983.

The assistance guidelines for RRAP remained unchanged in 1983. In that year, the program provided up to $10,000 in grants and loans to homeowners for the upgrading of substandard housing units. Up to $5,000 of this amount could be available as a forgiveable loan if the applicant's adjusted income was under $13,000. The amount of the forgiveable loan available is reduced as income increases until it is zero at an adjusted income of $23 000. For households undertaking repairs to make a home more adaptable to the needs of a disabled occupant, the loan amounts were higher with up to $6,250 in forgiveable assistance being available. Landlords were also eligible for the program and could qualify for up to $3,500 per unit in forgiveable assistance to cover half the cost of the improvements. The assistance for the program is provided by the Federal Government through the Canada Mortgage and Housing Corporation.

A major highlight of 1983 was the 12,000th approval under the program. This milestone signified that the program has led to improvements in 36 percent of the housing stock that existed in the province when it was initiated in 1975. During that period, over $45 million in federal assistance was utilized for upgrading the Island's housing stock. Accompanying investment by the property owners raised the total impact of these repairs to well over $50 million. While these have been impressive achievements, there continues to be a strong need and demand for RRAP as evidenced by a continuing flow of applications (over 1,100 in 1983) and by Census data.

Provincial Contribution to Seniors — Home Repair Program

Five home repair projects utilized funding from the Provincial Contribution to Seniors — Home Repair Program during the year. Home repair groups traditionally commence work late in autumn and complete their projects by the summer or early autumn of the following year. The activity of the groups in the November 1982 to October 1983 period was as follows:

	Approvals	P.C.S. Funding
Southern Kings Community Development Corporation	63	$31,200
Eastern Kings Community Advisory Board	41	22,400
West Prince Community Development Corporation	39	25,200
North Rustico Village Commission	11	7,300
Charlottetown Kiwanis Club	9	5,700
Totals	163	$91,800

All of the groups, with the exception of the Charlottetown Kiwanis Club, then undertook new projects late in 1983. The Province allocated a budget of $87,500 for these projects.

The home repair groups that carry out the repairs utilize federal job creation assistance under the Canada Community Development Program to cover labour costs. The Province supports these community groups by providing grant assistance for the purchase of materials. As a result, the groups are able to offer their services to low income senior citizen homeowners to make repairs at little or no cost to the seniors. The projects create work for those facing unemployment and provide assistance that helps seniors live more comfortably and securely in their homes. The Provincial Contribution to Seniors — Home Repair Program provides grants of up to $750 per house for the purchase of materials for use on the homes of those eligible homeowners who have reached the age of 60. The income eligibility is tied to the Old Age Security and Guaranteed Income Supplement, which are indexed, so that the income limits rise automatically with inflation. Single person households are eligible where annual income is less than $2,500 above the basic OAS plus GIS amount and couples are eligible where their income is up to $1,000 above the basic OAS plus GIS amount.

Senior Citizens Housing

Demand for Senior Citizens Housing has been very high in recent years. Vacancy rates for rental housing have been low in most Island centres, and even where rental housing is available it is often priced beyond the range the seniors can afford to pay. At the same time, builders are usually unable to provide housing for this segment of the market because of relatively high interest rates and building costs. In order to meet the most pressing demand and to create employment in the construction sector, the Province, in co-operation with Canada Mortgage and Housing Corporation, once again undertook a sizeable Senior Citizens Housing construction program in 1983/84. Seven projects, providing 73 units, were started during the latter part of 1983.

Charlottetown	39 units
Cornwall	6 units
Kensington	6 units
Morell	6 units
Wellington	6 units
Wilmot	6 units
Cardigan	4 units

When added to the 81 units completed in 1983, these units will have contributed to a significant increase in the supply of Senior Citizens Housing over a two year period. The 1983/84 projects bring the program portfolio to 910 units compared to 756 only two years before, a growth of 20 percent. The projects that were completed and opened in 1983 were the Duvar Court project in Charlottetown (38 units), Summerside (12), Montague (8), Alberton (6), O'Leary (6), Souris (6) and Crapaud (5).

Senior Citizens Housing provides self-contained housing units for the elderly in communities throughout Prince Edward Island. Tenants for projects are selected in accordance with their need for housing assistance and their rents are based on a rent-to-income scale. The construction and operation of Senior Citizens Housing projects are financed under Section 40 of the National Housing Act. Under this section, the Federal Government provides funding for 75% of the costs of the projects while the Provincial Government provides the remaining 25%.

Family Housing

As with Senior Citizens Housing, the portfolio of Family Housing units has been expanded considerably in recent years. Projects begun in 1983/84 will bring the supply of Family Housing units to 226, representing an 18 percent increase over the 191 available two years before. The 1983/84 construction was composed of six unit projects in Summerside and Souris and a five unit project in O'Leary. In addition to the 17 units that were started, the year also saw the completion of six unit projects in Tignish, Summerside and Montague.

Family Housing projects are located in nine community centres on the Island. Each of these areas has a local Housing Authority that manages the projects. The members of the local Housing Authorities are local residents who provide their time without remuneration. The P.E.I. Housing Corporation is responsible for liaison with the Authorities and provides advisory assistance.

Funding for the construction and operation of Family Housing projects is shared on a 75 percent federal/25 percent provincial basis in accordance with Section 40 of the National Housing Act. Tenants are selected by the local Housing Authorities after an analysis of needs and pay rent according to their income.

Public Non-Profit Housing

The Prince Edward Island Housing Corporation played an important role during 1983/84 in the planning and preparation for two major special purpose facilities. These projects were a 76 bed manor in Summerside and the replacement of an 80 bed wing in the Riverside Home for Special Care. Both of these provincially owned and operated care facilities will utilize assistance available through the Canada Mortgage and Housing Corporation's Non-Profit Housing Program. This federal assistance will reduce the effective rate of interest on the mortgage loan to as low as two percent. The P.E.I. Housing Corporation co-ordinated the application for the federal assistance and secured the financing for the projects. The P.E.I. Housing Corporation also assisted other provincial departments in the development of plans and arrangements for the construction and equipping of the facilities.

These two projects represent over $10 million in construction activity and, as a result, had a very substantial impact on job creation within the construction sector. Both projects also incorporate alternate, non-oil fired heating systems, with the Summerside Manor project utilizing a wood chip burning system and the Riverside building designed to utilize heat from the Energy from Waste Burning Plant in Parkdale.

Helping Hands for Seniors Project

During its second summer of operation in 1983, the Helping Hands for Seniors Project continued to offer a popular service to senior citizen homeowners and to provide useful employment to students. A total of 148 seniors took advantage of the project to have work such as scraping, painting, yard clean-ups and minor maintenance performed at their homes. Fourteen students, employed by the Provincial Youth Development Program, worked on this project through the regional services centres under the supervision of P.E.I. Housing Corporation staff.

Summary of Activities

Summary of Program Activities for 1983/84
Prince Edward Island Housing Corporation

Program Area	Units Assisted	Expenditures/Comments
Home Repair Programs		
*Rural RRAP	652 10 beds	$3,033,000
*Urban RRAP	248 90 beds	$1,006,000
Provincial Contribution to Seniors	163	$ 91,800
Home Rental Programs		
Senior Citizens (New Units)	73	$2,960,000 construction
Family Housing	17	$ 800,000 construction
Property Management		
Senior Citizens	837	maintenance & administration
Social Housing	73	maintenance & administration
Rural & Native	38	maintenance & administrative

*Figures are for calendar years. The figures are for all approvals in P.E.I. including those made by other delivery agents.

Interim Report (April — December 1984)

The Period in Review

New residential construction continued at a healthy level in P.E.I. in 1984. Building permits were issued for 738 new housing units in the province in 1984, almost equalling the 744 units recorded in 1983. This steady level of activity came at a time when total housing starts across the country had dropped by 17 percent and when eight of the other nine provinces had experienced significant decreases in new residential construction. Rising interest rates during the first half of 1984 and an uncertain national economic outlook appeared to contribute to the downward national trend. While these factors may also have limited construction in P.E.I., the strong demand for housing, particularly rental units, helped maintain an incentive to build.

Low vacancy rates for rental housing continued to be a concern through 1984, although by the end of the year the situation did appear to be improving. With permits issued for 192 apartment units in 1984, the supply of rental housing was growing sufficiently to provide at least some degree of relief to a tight market.

Program activity of the P.E.I. Housing Corporation continued to make a sizeable contribution to the housing sector. Starts were made on 60 public housing rental units, provincially administered housing programs assisted in the repair and upkeep of approximately 800 homes and the P.E.I. Housing Corporation administered or assisted in the ongoing management of a housing portfolio of 1,244 units.

Residential Rehabilitation Assistance Program

The P.E.I. Housing Corporation processed 497 approvals in Rural RRAP areas and 38 more in urban areas for a total of 535 provincially delivered units. These approvals resulted in a commitment of more than $2.6 million in federal repayable and forgiveable loan assistance. During the year, the maximum loan amount available through the program was raised by the Canada Mortgage and Housing Corporation to $25,000 from the previous level of $10,000. The maximum forgiveable loan amount was unchanged at $5,000.

Provincial Contribution to Seniors — Home Repair Program

The four groups that undertook home repair projects during the late 1983 to late 1984 period combined to make 155 approvals. These groups were active in West Prince (57 approvals), Eastern Kings (55), Southern Kings and Queens (34) and North Rustico (9). The program provided approximately $87,500 in grant assistance for these repairs. In late 1984, five groups were approved for new projects to operate in the 1984 to 1985 phase. These groups will serve the Eastern Kings, Southern Kings and Queens, West Prince, Charlottetown and Evangeline regions.

Senior Citizens Housing

Official openings were held for the seven projects that were completed in 1984. These projects were in Charlottetown (39 units), Cornwall (6), Kensington (6), Morell (6), Wellington (6), Wilmot (6) and Cardigan (4). Projects were also started in 1984 in Charlottetown (22), Tignish (8), Montague (8) and Souris (6).

Family Housing

Projects were completed in Cornwall (6 units), Souris (6) and O'Leary (5). New projects were undertaken in Summerside (12), Georgetown (2) and Charlottetown (2).

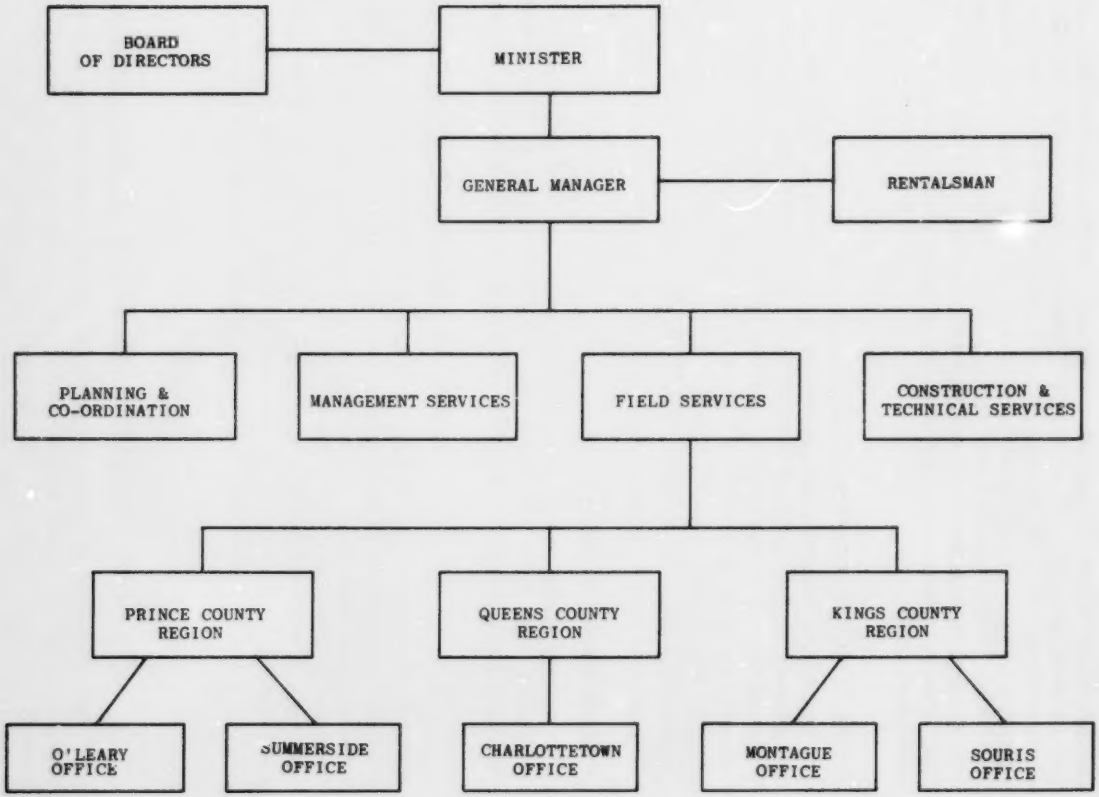
Public Non-Profit Housing

Construction on the 76 bed manor in Summerside, to be known as the Wedgewood Manor, was completed in November 1984. Work was started early in the year on the 80 bed wing in the Riverside Home for Special Care to replace outdated facilities there. The P.E.I. Housing Corporation also assisted in the planning and funding commitments for a new 132 bed manor in West Royalty to replace the Beach Grove Home. Tenders for this project were called in December 1984.

Helping Hands for Seniors

Activity under this project in the summer of 1984 matched that of the preceding year with 148 approvals. Fourteen students were employed in assisting senior citizen homeowners in the exterior upkeep of their homes.

ORGANIZATIONAL CHART
PRINCE EDWARD ISLAND HOUSING CORPORATION



Organization and Divisional Activities

Organization

The Prince Edward Island Housing Corporation is a provincial crown corporation whose objective is to provide low and moderate income Island residents with increased access to adequate housing. The Province first initiated its own housing programs in the early 1960's when boards and agencies were established to undertake Senior Citizens Housing, Co-operative Housing and Family Housing projects. These agencies were brought together in 1969 as part of the Prince Edward Island Housing Authority. A revision of the housing legislation in 1975 changed the name of that body to its current designation, the Prince Edward Island Housing Corporation.

The actions of the Housing Corporation are conducted under the guidance of the Board of Directors. The Board is responsible to the Minister designated as Responsible for the Prince Edward Housing Corporation. It has been traditional that the Minister is also appointed as Chairman of the Board. The chief executive officer is the General Manager. Reporting to the General Manager are the Rentalsman and the directors of the Corporation's four divisions. The following provides an outline of the responsibilities and activities of these divisions. The operations of the Office of the Rentalsman are reviewed in a separate section of the Annual Report.

Field Services Division

Field Services is responsible for the program delivery functions of the Housing Corporation. It is the largest of the Corporation's divisions and provides the staff for the five regional offices. Most members of the public have their contact with the Corporation through Field Services staff. Among the tasks performed by the Division are processing applications for assistance, conducting inspections, managing the housing stock owned by the Corporation, providing technical and administrative assistance to the local housing authorities and handling the day-to-day program inquiries.

Two of the most demanding housing programs, in terms of staff time, are the Residential Rehabilitation Assistance Program and the Senior Citizens Housing Program. Although the number of RRAP approvals was down in 1984, the number of interviews and inspections were both up over 1983. The high cancellation rate, due to factors such as rehabilitation costs, meant more applications had to be processed per approval. When all PEIHC programs were added together, the Field Services Staff conducted approximately 4,400 inspections and 3,200 interviews in 1984. With the completion of seven new Senior Citizens Housing projects, plus the ongoing operation of existing projects, that program also demanded considerable staff attention. Orientation sessions were held at each of the new buildings. The completion of new buildings also adds to the housing stock that is the responsibility of the maintenance repairmen. The expertise of the Division's inspectors was also tapped in 1984 when the PEIHC was given the task of performing building inspections for the Provincial Department of Health and Social Services on privately operated community care facilities.

Construction and Technical Services Division

The Division is responsible for the construction of capital projects for the Housing Corporation. Its duties include locating and evaluating sites for the projects, land acquisition, liaising with architects on project designs, reviewing tender package submissions in co-operation with CMHC, supervising the tender calls, monitoring construction and accepting the completed projects. The Division also provides technical services advice, where required, to Field Services.

With the Housing Corporation being involved in a relatively large capital construction program, this Division had a demanding year in 1984. In addition to the seven Senior Citizens Housing and three Family Housing projects that were being completed, the Division was also involved in the start of four new Senior Citizens and three new Family Housing construction projects. These new projects necessitated the search for and acquisition of seven land parcels as well as the expanded use of three parcels already owned by the Corporation. Another project undertaken by the Division was the installation of a solar domestic hot water system in a 40 unit Senior Citizens home in Parkdale. This installation was funded through the Purchase and Use of Solar Heat (P.U.S.H.) program offered by Public Works Canada.

Management Services Division

Financial operations and management systems are the prime concerns of the Management Services Division. In the area of financial operations, the Division is responsible for preparing the Corporation's budget, monitoring spending, cheque disbursements, accounting records and financial control. The Division receives all mortgage and rent payments to the Corporation and administers the collection and arrears procedures. With respect to management systems, the Divison assists other divisions in setting program objectives and in assessing progress on these. It also reviews procedures for efficiency, manages office operations including equipment and supplies, and is responsible for personnel. In addition to their work for the Housing Corporation, several members of the Division provide financial management and personnel services to the Provincial Department of Community and Cultural Affairs.

Financial control has been a major concern of the Division since its formation and this function has become increasingly important as the Corporation's assets and responsibilities have grown. The Corporation now has assets valued at approximately $34 million and has annual direct expenditures exceeding $5 million. The Corporation administers 581 mortgage accounts and 937 direct rental accounts. In its role of enhancing management capabilities, the Division has begun to explore the feasibility of increased computer applications to aid in functions such as property management and program monitoring.

Planning and Co-ordination Division

In many respects, the prime function of the Planning and Co-ordination Division is to put the Corporation in as effective a position as possible to meet the housing needs of the Province. The Division is responsible for policy development and review and for providing the full range of planning services, including assessment of housing needs, market analysis, program planning and maintenance of statistical records and housing data. The co-ordination functions include working with the other divisions in scheduling program delivery and budget take-up, reviewing program procedures and providing resource assistance, and the responsibility for liaison and negotiations with federal, provincial and municipal agencies. Public information also falls under the mandate of the Division.

Planning and Co-ordination has handled the Corporation's input in the planning and financing of the Province's Public Non-Profit Housing projects. This has involved the Wedgewood Manor in Summerside, the Riverside Home for Special Care and the replacement of the Beach Grove Home Manor. The Division also assisted in the arrangements for the installation of the solar domestic hot water system under the P.U.S.H. Program in Parkdale. Increasing attention was also directed toward federal-provincial relations, especially with the initiation of consultations on the future direction of housing policy.

The Office of the Rentalsman

The Office of the Rentalsman has been a division of the P.E.I. Housing Corporation since 1981. The Rentalsman is responsible for administering the Rent Review Act and the Landlord and Tenant Act.

The Rent Review Act provides for landlords of residential premises to apply for approval of rent increases that exceed the allowable percentage established annually through the Act. Tenants must be given three month's written notice before a rent increase may be charged. An informal hearing is held on all applications to receive input from the landlord and tenant(s) and, after considering such factors as operating costs, expenditures on maintenance and the profit or loss of the landlord, the Rentalsman makes a decision on an approved rental charge. This decision is communicated in writing to the landlord and tenant(s).

The Landlord and Tenant Act outlines the rights and responsibilities that landlords and tenants have in respect to rental premises. Part V of the Act relates specifically to residential premises. Adjudication of disputes in matters governed by the Act is the responsibility of the Courts.

Activities 1984

The allowable percentage rent increase in 1984, as provided for through the Rent Review Act, was three percent for both heated and unheated units. Where there was no increase in 1983, the allowable increase could be five percent.

The tables on the following pages provide summary information on activity under the Rent Review Act in 1984.

TABLE 1 — APPLICATIONS AND DECISIONS

	No. of Applications	No. of Units
Applications 1984		
Applications Resulting in Decisions		
Applications for Rent Increases	257	728
Applications for Trailer Parks	0	0
Applications for Rooming Houses	1	5
Applications to Discontinue Service	6	9
Applications Not Requiring Decisions		
Cancelled by Landlord	0	0
Tenants Moved Out	0	0
Application Not Required	0	0
Increase Not Allowable	4	6
Applications Pending at Year's End	131	
Total	399	
Decision 1984		
Residential Properties		
Rent Increase Approved	254	417
Rent Increases Not Approved	51	321
Rooming Houses		
Rent Increases Approved	0	0
Rent Increases Not Approved	1	5
Discontinued Service		
Rent Increases Approved	0	0
Rent Increases Not Approved	4	6
Rents Reduced	2	5
Deemed Not a Discontinued Service	0	0
Total Orders Issued	320	831

TABLE II — RENT INCREASES SOUGHT AND APPROVED

	1984	1983
Rent increases applied for and approved	254	142
Number of Units	417	320
Average Rent at Application	$312.80	$260.29
Average Increase Requested	$ 34.35	$ 30.92
Average Percentage Approved	10.98%	11.88%
Average Rent After Approval	$344.92	$291.21
Rent increases not approved as applied for	51	68
Number of Units	321	288
Average Rent at Application	$322.55	$259.08
Average Increase Requested	$ 44.79	$ 62.17
Average Percentage Requested	13.88%	21.07%
Average Increase Approved	$ 23.30	$ 29.45
Average Percentage Approved	7.22%	9.98%
Average Rent After Approval	$345.85	$324.53
Consolidated Information		
Number of Units	738	608
Average Rent at Application	$317.67	$277.69
Average Increase Requested	$ 39.57	$ 46.55
Average Percentage Requested	12.45%	16.76%
Average Increase Approved	$ 28.82	$ 30.19
Average Percentage Approved	9.07%	10.87%
Average Rent After Approval	$345.38	$307.87

Financial Statements

AUDITOR'S REPORT

To the Board of Directors of
The Prince Edward Island Housing Corporation

I have examined the balance sheet of the Prince Edward Island Housing Corporation as at March 31, 1984 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting applied on a basis consistent with that of the preceding year.

T. Kaptein, C.A.
Auditor General

Charlottetown, Prince Edward Island
August 16, 1984

STATEMENT 1

PRINCE EDWARD ISLAND HOUSING CORPORATION
BALANCE SHEET AS AT
MARCH 31, 1984
(with comparative figures at March 31, 1983)

ASSETS

	1984	1983
Current Assets		
Cash	$ 8,000	$ 300
Accounts Receivable	1,808,600	1,775,800
Deposit Receipts — Note 1(a)	188,700	236,000
	2,005,300	2,012,100
Mortgages Receivable	8,091,300	9,058,600
Investment in Properties		
Agreements for Sale — Note 2	671,500	683,400
Land for Resale — Note 3	2,653,400	2,459,100
Federal-Provincial Projects — Note 4	4,507,000	3,670,000
Rental Housing Projects — Note 5	15,560,600	12,360,200
	23,392,500	19,172,700
Other Assets — Schedule 1	222,500	293,100
TOTAL ASSETS	$33,711,600	$30,536,500

LIABILITIES AND EQUITY

	1984	1983
Current Liabilities		
Bank Indebtedness — Note 6	$ 696,000	$ 778,700
Accounts Payable and Accrued Liabilities — Note 7	2,626,500	1,757,600
Debenture Payable — Province of P.E.I.	2,200,000	1,700,000
	5,522,500	4,236,300
Long Term Liabilities		
CMHC — Note 8	16,893,100	17,824,800
Province of P.E.I.	5,089,000	3,726,700
Other — Note 9	1,511,700	—
	23,493,800	21,551,500
Reserves		
Co-operative and Social Housing — Note 1(a)	178,500	177,000
Home Repair Program — Note 10	—	53,200
	178,500	230,200
Equity contributed by the Province of P.E.I. — Schedule 2	4,516,800	4,518,500
TOTAL LIABILITIES AND EQUITY	$33,711,600	$30,536,500

(NOTES 1 TO 13 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS)

STATEMENT 2

PRINCE EDWARD ISLAND HOUSING CORPORATION
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1984
(with comparative figures for the year ended March 31, 1983)

	1984	1983
Income		
Appropriations from the Province of P.E.I.	$1,282,800	$1,295,200
Appropriations from reserve for home repair — Note 10	56,000	102,200
CMHC operating cost recoveries	812,600	851,200
Administration fees	338,500	499,900
Rental income	1,732,500	1,457,800
Interest income	1,078,800	1,203,100
Sundry — Schedule 3	38,600	28,900
Total Income	5,339,800	5,438,300
Expenses		
Administration — Schedule 4	1,459,600	1,561,500
Operating — Senior Citizens Housing — Schedule 5	1,876,400	1,687,700
Interest	1,908,600	2,057,500
Grants issued — Schedule 6	95,200	131,600
Loss on Sale of Land — Note 11	23,600	—
Total Expenses	5,363,400	5,438,300
Gain (loss) on operations	(23,600)	—
Provision for possible losses on land under development — Note 11	(175,600)	(851,300)
Provincial contribution — Note 11	199,200	851,300
Income (loss) for the year	$ —	$ —

(Notes 1 to 13 are an integral part of these financial statements)

SCHEDULE 1

PRINCE EDWARD ISLAND HOUSING CORPORATION
OTHER ASSETS
MARCH 31, 1984

	1984	1983
Emergency Power Generators — Note 12	$109,500	$ 77,400
Debenture Receivable	10,200	12,100
Repossessed Properties	28,700	34,500
Sales Office — Hillsborough Development	65,000	65,000
Prepaid Expenses	2,600	4,000
Stores Inventory	6,500	—
Investment in Land under Purchase Agreement	—	100,100
	$222,500	$293,100

SCHEDULE 2

PRINCE EDWARD ISLAND HOUSING CORPORATION
SCHEDULE OF EQUITY
MARCH 31, 1984

Beginning balance — April 1, 1983		$4,657,300
Less: Restatement of Equipment — Note 13		138,800
April 1, 1983 Balance Restated		4,518,500
Add: Additions for the year		
— Manors		1,100
Less: Deductions for the year		
— Senior Citizens Housing	1,100	
— Family Housing	1,700	(2,800)
Equity contributed by the Province of P.E.I.		$4,516,800

SCHEDULE 3

PRINCE EDWARD ISLAND HOUSING CORPORATION
SUNDRY INCOME
MARCH 31, 1984

	1984	1983
Rebate on Grants Issued	$ 3,200	$ 6,600
Family Housing — Operations	33,500	22,200
Other	1,900	100
	$38,600	$28,900

SCHEDULE 4

PRINCE EDWARD ISLAND HOUSING CORPORATION
ADMINISTRATION EXPENSES
MARCH 31, 1984

	1984	1983
Salaries	$1,243,000	$1,165,300
Travel	77,900	81,700
Office and Administration	128,800	182,400
Bad Debts	—	1,600
Loss on Disposal of Repossessed Property	7,200	37,300
Loss on Disposal of Land	2,700	93,200
	$1,459,600	$1,561,500

SCHEDULE 5

PRINCE EDWARD ISLAND HOUSING CORPORATION
OPERATING EXPENSES — SENIOR CITIZENS HOUSING
MARCH 31, 1984

	1984	1983
Repairs and Maintenance	$ 923,100	$ 761,800
Fuel	489,300	491,100
Utilities	212,500	183,300
Property Taxes	139,000	122,000
Depreciation	49,900	35,400
Installation of Emergency Power	62,600	94,100
	$1,876,400	$1,687,700

SCHEDULE 6

PRINCE EDWARD ISLAND HOUSING CORPORATION
GRANT ISSUED
MARCH 31, 1984

	1984	1983
Mortgage Subsidies	$10,600	$ 26,500
Home Improvement Assistance	84,600	105,100
	$95,200	$131,600

PRINCE EDWARD ISLAND HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1984

1. Significant Accounting Policies:

   (a) Trust Reserves are set aside for contingencies in Co-operative and Social Housing and are offset by investments in deposit receipts with the Province of P.E.I.

   (b) Depreciation is recorded each year on the Senior Citizens Homes and Manors equal to the principal reduction in the corresponding indebtedness to Canada Mortgage and Housing Corporation.

   (c) No depreciation is recorded on Social Housing or Rural and Native Housing as the Corporation is hopeful of selling these properties to prospective tenants at cost.

   (d) The Federal-Provincial project costs are amortized over the life of the Federal-Provincial agreement. Accumulated amortization represents principal reductions to date on the original investments contained in the agreement.

2. Investments in properties under agreements for sale are recorded at cost less tenants' equity.

	1984	1983
Cost	780,600	774,400
Tenants' Equity	(109,100)	(91,000)
	671,500	683,400

3. Investment in land for resale consists of the following:

	1984	1983
Investment in developed land — at cost	$2,444,200	$2,282,800
Less: provision for possible losses — Note 11	(1,426,900)	(1,251,300)
	1,017,300	1,031,500
Land held for development or resale — at cost	1,636,100	1,427,600
	$2,653,400	$2,459,100

4. Investment in Federal-Provincial projects are recorded at cost less accumulated amortization and consists of the following:

	1984	1983
Family Housing	$1,547,800	$1,338,900
Senior Citizens Housing	2,972,700	2,341,900
Sub-total	4,520,500	3,680,800
Less: Accumulated Amortization	(13,500)	(10,800)
	$4,507,000	$3,670,000

5. Rental Housing properties are recorded at cost less accumulated amortization and consist of the following:

	1984	1983
Senior Citizens Homes	$ 9,115,300	$ 9,115,300
Manors	6,245,600	2,963,600
Rural and Native Housing	542,300	542,300
Social Housing	143,900	174,500
Sub-total	16,047,100	12,795,700
Less: Accumulated Amortization	(486,500)	(435,500)
	$15,560,600	$12,360,200

6. Bank indebtedness is guaranteed by the Province of P.E.I.

7. The Corporation has contractual obligations on construction contracts amounting to $5,423,400

   Also, the Corporation is contingently liable for the following:

— to approved program applicants for Home Repair Grants	$ 7,900
— to Canada Mortgage and Housing Corporation for Residential Rehabilitation Assistance Program Fund recipients	32,800
	$40,700

8. Loans payable to Canada Mortgage and Housing Corporation consist of the following:

	1984	1983
Mortgages Payable	$ 4,236,500	$ 4,268,000
Debentures Payable	6,606,900	6,694,200
Loans Payable	6,049,700	6,862,600
	$16,893,100	$17,824,800

9. The Corporation entered into a long term mortgage contract with a private lender for the purpose of financing a new home for special care. The amount of the mortgage is $4,084,800 and is presently in the advance stage. The amount reported is the total advanced including interest to March 31, 1984.

10. The Corporation continued with a program of home repair for senior citizens. The expenditures associated with this program were funded partially from a reserve fund. The results for the year are as follows:

Reserve fund balance — April 1, 1983	$53,200
Add: interest earned for the year	2,800
Less: Home Repair Grants	(56,000
Reserve Fund balance — March 31, 1984	$ —

The balance of the Home Repair Grants was funded by a provincial appropriation.

11. There was sales activity at the Hillsborough Development Land Assembly Project during the year and a loss of $23,600 was incurred. In addition, the Corporation increased the provision for possible future losses by $175,600. Both of these items were funded by an appropriation from the Province of P.E.I.

12. The Corporation completed the emergency power installation program at its Senior Citizens Homes during the year. This program is cost shared with Canada Mortgage and Housing Corporation. The Provincial share of the capital cost has been set up as an asset and is to be depreciated over a period of ten years commencing April 1, 1983.

13. The Corporation revised its policy with respect to equipment. Previously, equipment purchases were set up in asset accounts. The revised policy calls for these purchases to be expensed. In line with the new policy the accumulated balances in the equipment accounts of $138,800 were written off. The 1983 balances have been restated to reflect this change.